



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
SOUTHERN NEVADA CHAPTER

**An Overview of Opportunities and Obstacles in
Southern Nevada's Commercial Real Estate Market
Relating to Transportation Routes and Locations of Distribution Centers**

Presentation by:

**NAIOP Southern Nevada
A chapter of
NAIOP, the Commercial Real Estate Development Association**

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Presented to:

**State of Nevada Legislative Commission's Subcommittee to Study the
Development and Promotion of Logistics and Distribution Centers
and Issues Concerning Infrastructure and Transportation**

Monday, April 26, 2010

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EXHIBIT F - LOGISTICS
Meeting Date: April 26, 2010
Document consists of 6 pages.
Entire Exhibit Provided.

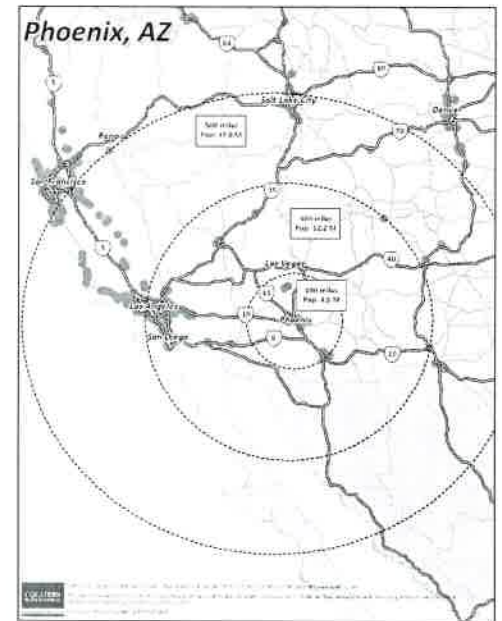
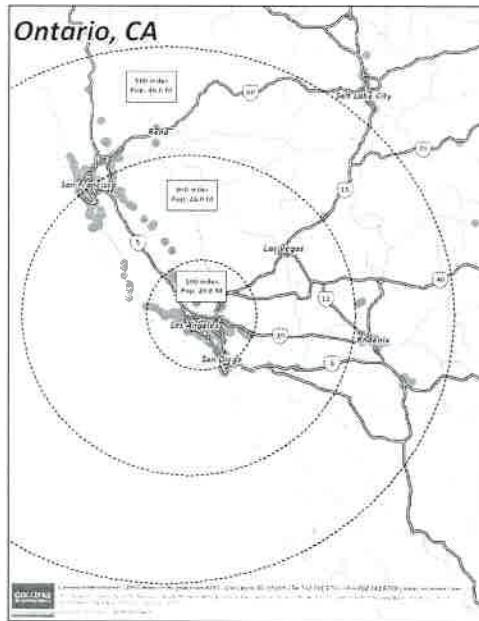
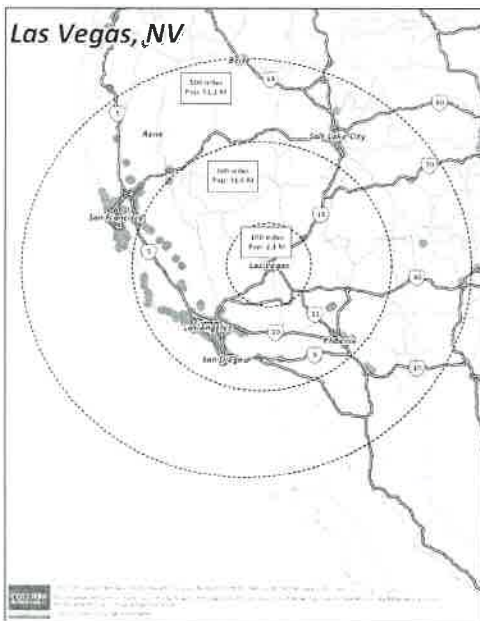
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Industrial Market Overview

1. Nearly 17.5 million square feet of industrial space existing in So. Nevada (16.3% vacant) and 11.3 million square feet of space in No. Nevada (15.3% vacant).
2. Major competing cities are Phoenix and Southern California
3. Why Southern Nevada should be the distribution and manufacturing "Capitol of the West"
4. Presentation of the 100 – 300 – 500 mile radius map and population

City	Population in Millions		
	100 Miles	300 Miles	500 Miles
Las Vegas	2.1	31.6	51.2
Ontario	20.7	28.1	46.6
Phoenix	4.8	12.3	37.8



5. Priority should be on economic development to bring jobs to Nevada.
6. Promote the low outbound freight costs, typically no wage shift differential (24 hour workforce), low workman's compensation costs, affordable housing.
7. Land and building prices are adjusting (falling) and Nevada is a much more affordable location (from a real estate perspective) than it was just 2 years ago



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Southern Nevada Logistics & Infrastructure:

1. A Presentation of A Strategic Analysis of *Southern Nevada's Economy: Implications of Industrial Land Constrains for Regional Growth and Income* prepared by Theodore Roosevelt institute, commissioned by NAIOP, Southern Nevada Chapter
 - a. Need to promote local manufacturing and delivery of goods from within the area in an effort to lower consumer costs
 - b. While not "glamorous", manufacturing and distribution jobs can generate major positive impacts on employment and per capita income for skilled and moderately skilled workers.
2. Promote industrial development within the Ivanpah range along with the development of the future Ivanpah Airport.
 - a. At a minimum, industrial development in the area should be included in the Environmental Impact Study.
 - b. Support and provide funding for the development of road, rail and utility infrastructure into the Ivanpah area.
 - c. Major distribution centers and manufacturers want rail served buildings in the event fuel prices surge as they did in 2008. They want to be able to easily switch distribution channels from road to rail based on most competitive pricing.
 - d. BNSF rail line from Phoenix into Ivanpah area. Union Pacific and BNSF serve So. California, Reno and Phoenix, but only UP serves So. Nevada.
 - e. Expansion of FTZ designation into the area.
 - f. Expansion of State Route 164 to serve Ivanpah area (ultimate connection to I-40)
3. Support development of Interstate 11 Highway connecting Southern Nevada to Phoenix. Goal: to easily connect to the I-40 East/West corridor and make Southern Nevada the distribution and manufacturing "Capitol of the West"
4. Support of a managed lane (toll road) program along I-15 as a means to handle traffic congestion. Public/private partnership where partner pays or reimburses state for costs of the infrastructure.
5. Partner with local municipalities to designate funding/stimulus dollars for construction of infrastructure improvements (roads, power, sewer, utilities) to large areas of vacant land. Large sites need to be able to be development in short order if we are going to land a major distribution center or manufacturer.



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Economic Development and Promotion of Distribution Centers:

1. Imperative that the pro-business tax climate in Nevada remains. It is our most important selling feature when companies consider Nevada.
 - a. Businesses want to know there is stability and certainty in the legislative process. They don't want the laws changing all the time (like California)
2. Promote Nevada as the Manufacturing and Distribution "Capitol of the West" and the "Best Business Climate in America".
 - a. Strategic and industry specific marketing plan to target distribution and manufacturing clusters (i.e. furniture manufacturing, electronics distribution).
 - b. East coast companies looking to expand west are a major prospect for Nevada. They can easily serve California without being there.
 - c. Focus on companies with large number of jobs – not just high tech, high paying jobs.
 - d. Professional national media campaign designed to attract businesses from the east coast who are considering moving west. Similar to Michigan and Ohio.
 - e. Increase state funding to local agencies (i.e. NDA/EDAWN). State Economic Development Budget is \$8.6 M but only \$1.1M goes to NDA, \$534,000 to EDAWN, and \$685,000 to rural associations. Funding seems to be better utilized at the local level and where there are a higher number of unemployed.
3. Improve existing state economic business incentives (such as training funds and tax abatements).
 - a. Reduce the minimum hourly wage to make it more comparable for warehouse workers. The current minimum hourly wage to qualify for state incentives is \$20.05 and this number is driven up because of mining salaries. It is very challenging for a distribution center or call center operator to qualify for state incentives because of this minimum.
 - b. The state incentives for property tax abatements provide little benefit to service center or distribution related businesses. They are geared to equipment intensive manufacturing operations.
 - c. Rebates for energy consumption and conservation efforts to manufacturers to counter heat extremes of So. Nevada, cold extremes of Reno versus temperate California climate.
 - d. Improve rebates and incentives for renewable energy plants and manufacturers. Arizona and New Mexico are ahead of the curve in this arena.



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4. State of Nevada as a source of capital for new businesses
 - a. Allow for the State's Unclaimed Properties fund securitize/back loans to new businesses in Nevada. By Nevada constitution, state funds cannot be used to support or invest in private enterprise, but there may be a way to use the unclaimed properties fund to do this. \$5 million fund may be leveraged to \$75 million to seed new/expanding businesses.
 - b. Promote a "Pro-Nevada" investment strategy within the Public Employees Retirement System (PERS) \$21 billion portfolio. Investment managers should support new businesses expanding into Nevada to create jobs.
5. Legislature needs to focus on reducing costs and not for new sources of revenues that will be borne by the business community. LV Chamber Business Impact Study found Nevada had the 9th least volatile tax structure. A broad based business tax such as gross receipts or income tax will only make the tax base more volatile when the economy changes.

Additional questions regarding this presentation can be addressed to:

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